

MINUTES

Regular Meeting
City Hall Council Chamber

January 6, 2014
Monday, 6:00 p.m.

Present: Mayor O. Stanhope Anthony III, presiding; Council Members David W. White, Jeanette D. Patterson, Dennis C. Bailey, Ben Kittrell; City Manager Rick Howell, City Clerk Bernadette A. Parduski, NCCMC, MMC, City Attorney Robert W. (Bob) Yelton, Director of Finance Justin S. Merritt, MPA, Assistant Director of Finance Elizabeth B. (Beth) Beam, CPA, Director of Human Resources Deborah C. (Deb) Jolly, Director of Utilities Brad R. Cornwell, PLS, EI, Police Chief Jeffrey H. (Jeff) Ledford, Fire Chief William P. Hunt, MPA, Director of Public Works Daniel C. (Danny) Darst, Jr., Director of Parks and Recreation Charlie Holtzclaw, Director of Planning and Development Services Walter (Walt) Scharer, AICP; and media representatives

Absent: Council Member Dicky Amaya

Clerk's note: A Council vacancy for the Ward 1 seat exists due to the resignation of Mr. Harrill on December 16, 2013.

Mayor Anthony called the meeting to order at 6:00 p.m. and welcomed all who were in attendance. The Mayor gave the invocation and Mr. Kittrell led the *Pledge of Allegiance*.

A. Approval of agenda:

- 1) Motion to adopt the proposed agenda

ACTION TAKEN: Upon a motion made by Mr. White, City Council voted unanimously to approve the agenda as presented.

B. Special Presentation:

- 1) Annual Audit Report and Comprehensive Annual Financial Report (CAFR) for Fiscal Year (FY) ended June 30, 2013 – Marcie J. Spivey, CPA, Audit Partner, Martin Starnes & Associates, CPAs, P. A.

Mr. Howell provided opening comments about the complexities of the auditing process and complimented Mr. Merritt and Mrs. Beam for their preparatory work. He stated the audit and preparation of the CAFR are

increasingly difficult to finalize due to the additional auditing standards which must be met by both the City and the auditing firm. Mr. Howell said the City's audited financial statements have been submitted to the Local Government Commission of the North Carolina Department of the State Treasurer, as required by law, and a positive acceptance has been received. He encouraged Council to review the document and to ask questions.

Mr. Merritt introduced Marcie Spivey and Meg Carter as the representatives of Martin Starnes & Associates who conducted the City's audit.

After expressing her appreciation to Council and acknowledging the full cooperation of the Finance Department, Mrs. Spivey began her presentation of the City's 2013 audited financial statements by stating the Martin Starnes' report yielded an unmodified opinion. This parallels the unqualified opinion of previous years on the fair presentation of the basic financial statements in all material respects in conformity with accounting principles generally accepted in the United States. It is also Martin Starnes' responsibility under federal and state regulations, to test controls and compliance with the requirements of laws, regulations, contracts, grant agreements, and other matters that have a direct and material effect on the administration of the City's major federal and state programs. Martin Starnes has issued a report on the City's compliance in which no questioned costs or findings were noted.

Mrs. Spivey described the audit process, which continues year round, and includes planning and risk assessment, interim procedures, as well as final procedures.

Mrs. Spivey specified the audit highlights as first being consistent and comparable overall to last year's audit and second as maintaining the collection of property taxes at a high collection percentage rate.

Next Mrs. Spivey summarized and compared General Fund revenues and expenditures for 2012 and 2013. She stated fund balance, including non-spendable, restricted, committed, assigned, and unassigned classifications, serves as a measure of the City's available financial resources. Available fund balance as defined by the Local Government Commission (LGC) is calculated as Total Fund Balance less Non-spendable, less Stabilization by State Statute (restricted) which then equals Available Fund Balance. This calculation is utilized as the basis for comparing Shelby to other units of similar size as well as calculating fund balance percentages.

At the end of the current fiscal year, fund balance available in the General Fund was \$4,853,477, while total fund balance reached \$8,022,337. As a

measure of the General Fund's liquidity, it is useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 27.63 percent of total General Fund expenditures and transfers to other funds, while total fund balance represents 44.02 percent of that same amount.

The audit revealed the top three sources of revenue as property taxes, other revenues, and other taxes and licenses. Mrs. Spivey emphasized the City's continued diligence in the collection of property taxes by maintaining a collection percentage near 97 percent positively influenced the total unrestricted governmental net position.

She noted the City's top three expenditures were public safety, other expenditures, and transportation (which refers to Public Works).

Lastly Mrs. Spivey stated the City of Shelby uses enterprise funds to account for its water, sewer, electric, and natural gas operations, as well as its housing assistance program, which the US Department of Housing and Urban Development requires to be accounted for in an enterprise fund. She reviewed the unrestricted net position at the fiscal year-end in the Water Fund which was \$4,086,761; in the Sewer Fund was \$1,116,627; in the Electric Fund was \$5,176,515; and the Gas Fund was \$10,824,282. The unrestricted net position in the Housing Assistance Fund was \$2,055,555.

Mrs. Spivey concluded her presentation by encouraging Council to review the report, particularly the Management's Discussion and Analysis section, and to contact her with any questions or concerns about the 2013 audit.

It was noted the CAFR will be available on the City's website for public viewing.

Council received the information and took no action.

C. Consent Agenda:

ACTION TAKEN: Mayor Anthony presented the consent agenda. Mrs. Patterson made a motion to approve the consent agenda and each item as presented. The consent agenda and following items were unanimously approved:

- 1) Approval of the Minutes of the Regular Meeting of December 16, 2013

- 2) Approval of a resolution directing the City Clerk to determine sufficiency of a satellite annexation petition from Pinnacle Classical Academy: Resolution No. 1-2014
- 3) Approval of a resolution honoring Coach Lance Ware and the Shelby Golden Lions Varsity Football Team: Resolution No. 2-2014

END CONSENT AGENDA

D. Unfinished Business:

- 1) Consideration of appointments to City advisory board and commissions:
 - a. Firefighters' Relief Fund Board of Trustees

Mrs. Parduski reported the term of one incumbent, Cecil Burton, concluded January 1, 2014. Mr. Burton wishes to continue his service. There are no applications on file.

Mr. White nominated Mr. Burton.

ACTION TAKEN: Upon a motion made by Mr. Bailey, City Council voted unanimously to close the nominations and accept the nominee by acclamation.

- b. Keep Shelby Beautiful (KSB) Commission

Mrs. Parduski reported the terms of four incumbents, Marywinn Amaya, Charles Hamrick, Helen Gilliatt, and Carol Ledbetter, conclude January 2014. All the incumbents wish to continue their service.

There is also a vacancy for a new term concluding January 2017.

The applications on file in the Clerk's Office include those of Chris Martin and Joyce Harris.

Mr. Bailey nominated Marywinn Amaya, Charles Hamrick, Helen Gilliatt, and Carol Ledbetter for reappointment, and Chris Martin for appointment to a new term.

ACTION TAKEN: Upon a motion made by Mr. White, City Council voted unanimously to close the nominations and accept the nominees by acclamation.

E. New Business:

- 1) **Consideration of an ordinance to change the lane directions for Martin Street and Clyde Street: Ordinance No. 1-2014**

Utilizing a map of the area, Mr. Scharer pointed to Martin Street and Clyde Street, depicting the existing and proposed directional changes for these streets. In the past, the old Shelby City School District worked with the City of Shelby to develop a student drop-off and pick-up plan for the old Shelby Middle School on West Marion Street. This plan included changing Martin Street and Clyde Street on the western and eastern ends of the Middle School campus to one way streets between West Marion Street and West Sumter Street.

Mr. Scharer reminded Council in August 2012 the Shelby Middle School began operating in a new location at the corner of South Dekalb Street and Melrose Street. In 2013 the previous Shelby Middle School building reopened as the Cleveland County School Central Offices.

After reviewing the new site of the Central Offices with City staff, Mr. Scharer said the School District staff expressed a desire to have Martin Street and Clyde Street returned to their previous two-way traffic function.

Mr. Scharer concluded by stating staff recommended returning Martin Street and Clyde Street as two-way streets.

ACTION TAKEN: Upon a motion made by Mr. White, City Council voted unanimously to approve and adopt Ordinance No. 1-2014 entitled, "AN ORDINANCE TO CHANGE THE LANE DIRECTIONS FOR MARTIN STREET AND CLYDE STREET".

- 2) **Consideration of a resolution authorizing an agreement between the Cleveland County Board of Education and the City of Shelby for the provision of additional school resource officers: Resolution No. 3-2014**

Mr. Howell provided background information regarding the current agreement between the Cleveland County Board of Education and the City of Shelby in which the Police Department provides three School Resource Officers (SRO): One at Shelby High School, one at Shelby Middle School, and a position which rotates among Graham, Jefferson, James Love, and Marion Elementary Schools. These are grant funded positions by the Cleveland County Schools, covering wage and benefit costs for 10 months of the year (83.33 percent). The City assumes the remaining balance.

Mr. Howell stated Cleveland County Schools recently requested three additional School Resource Officers, seeking to amend their contract with the City of Shelby for a total of six positions. These positions would be placed at Turning Point Academy (which has an existing SRO position staffed by the Cleveland County Sheriff's Department and an expiring contract), at the Degree Program housed at the Turning Point Academy campus, and at Shelby Intermediate School to be shared with the local elementary schools. The Cleveland County Schools have received a State grant to provide the equivalent partial funding (83.33 percent) for these positions and the City would have to assume the remaining balance.

Accordingly, Mr. Howell said there are additional costs associated with the hiring of three new positions. Some of these are one-time costs and others are annually recurring. The grant received by the school system would not cover any of these other costs. The only non-wage related cost that could be covered is the required SRO certification course for each officer. The net wage/benefit cost to the City of Shelby was estimated to be approximately \$21,500.00, not including incidental costs.

Next Chief Ledford discussed how the new positions and the SRO assignments will function and remain under the full control of the Police Department. The Chief added his recommendation to approve the request of the Cleveland County Schools and move forward with the proposal.

ACTION TAKEN: Upon a motion made by Mrs. Patterson, City Council voted unanimously to approve and adopt Resolution No. 3-2014 entitled, "A RESOLUTION AUTHORIZING AN AGREEMENT BETWEEN THE CLEVELAND COUNTY BOARD OF EDUCATION AND THE CITY OF SHELBY FOR THE PROVISION OF ADDITIONAL SCHOOL RESOURCE OFFICERS".

F. City Manager's Report:

- 1) Mr. Howell reminded Council of their revised meeting schedule and several important dates as follows:
 - January 20, 2014 – No City Council meeting due to the City-observed Martin Luther King, Jr. holiday
 - January 27, 2014 – Special Meeting to appoint and fill the Ward 1 vacancy
 - February 1, 2014 – Special Meeting to conduct a brainstorming session in preparation for Council's annual retreat
 - February 14, 2014 – Special Meeting to hold Council's annual retreat
 - February 19 and 20, 2014 – The Essentials of Municipal Government conference in Hickory, North Carolina

G. Council Announcements and Remarks:

- 1) Mayor Anthony reminded all that applications for the Ward 1 vacancy will continue to be accepted until Friday, January 17, 2014, at 5:00 p.m.

Council scheduled a special meeting for January 27, 2014 at 6:00 p.m. for the purpose of selecting a new Council member for Ward 1. Council discussed and agreed the applicants should be invited to attend this meeting.

Upon questioning, Mrs. Parduski responded one application from a qualified applicant has been received.

- 2) Mayor Anthony and Council briefly discussed the logistics for attending the Essentials of Municipal Government conference on February 19 and 20, 2014 in Hickory, North Carolina.
- 3) Mr. Kittrell requested information about the brainstorming session scheduled as a Special Meeting on February 1, 2014 as to format, rules, group facilitation, etc.

Mr. Howell responded he has had some discussion with a facilitator for the purpose of conducting the brainstorming session.

- 4) Mr. Bailey reported on his attendance at the recent Gaston-Cleveland-Lincoln Metropolitan Planning Organization (MPO) meeting, stating Cleveland County is faring very well in all significant highway projects. It seems highly probable the remaining unfunded portion of the US 74 Bypass Project, which is scheduled for reprioritization, may be funded in the very near future for \$330 million, the amount estimated by the MPO staff.

Mr. Bailey also reported he was elected to serve as Vice Chair of the Gaston-Cleveland-Lincoln Metropolitan Planning Organization.

- 5) Mayor Anthony welcomed back both Mrs. Patterson and Mr. Bailey from their respective absences due to illness.
- 6) Mr. White expressed his appreciation to Mr. Merritt and Mrs. Beam for their work with regard to the audit. He was pleased with the auditors' report.
- 7) Encouraging attendance, Mayor Anthony shared his excitement about the grand opening celebration and festivities for the Earl Scruggs Center, all

taking place on Saturday, January 11, 2014, in the heart of historic Uptown Shelby at the completely restored Courthouse building.

H. Adjournment:

1) Motion to adjourn

ACTION TAKEN: Upon a motion made by Mr. White, City Council voted unanimously to adjourn the meeting at 6:51 p.m.

Respectfully submitted,

Bernadette A. Parduski, NCCMC, MMC
City Clerk

O. Stanhope Anthony III
Mayor

Minutes of January 6, 2014